

SUMMARY

“Long Gone” – Supreme Court Denies Long Petition: Victory Allows TSA Projects to Begin

Surprise Spring Training Facility Update- Surprise Dedicates New Two-Team Cactus League Facility, Future Home of the Texas Rangers and Kansas City Royals

Economic Impact of MPF - Goldmine for the State led by Signature Events Including the Fiesta Bowl and Future Super Bowls and NCAA Final Four Championships

Financial Overview – Tourism Revenues Turn Up

“LONG GONE”

The Arizona Supreme Court has decided to not take the John Long lawsuit under further review. The court’s decision allows the Authority to move forward on all fronts in fulfilling the promise of Proposition 302 as approved by the voters of Maricopa County.

The authority learned of the Court’s decision December 4th which clears the way for the construction of a new \$355 million multipurpose stadium facility which, when combined with related infrastructure improvements, will total more than \$400 million, generate 3,500 high-paying construction jobs, and will reduce the state’s budget deficit by \$20 million over the next 3 years.

The TSA will also be able to move forward on completing our Cactus League baseball commitments and provide funds for critical youth and amateur sports projects throughout the Valley of the Sun. This includes the issuance of Cactus League bonds to complete our funding commitment to the City of Surprise for their facility that had its Grand Opening on December 7, the new home of the Kansas City Royals and the Texas Rangers.

The lawsuit threatened much more than the new multipurpose facility in Glendale that will be the home to future Super Bowls, NCAA Final-Four Championships, the Fiesta Bowl and the Arizona Cardinals.

The benefits of Prop. 302, including the enhancement of our tourism industry, the retention of our Cactus League teams, and the creation of more youth and amateur sports facilities, will give our state economy a boost when it is desperately needed.

The Multipurpose Facility project, located directly south of the Coyotes Arena currently under construction at the Loop 101 and Bethany Home Road in Glendale, will be the largest single construction project in the state since the Palo Verde Nuclear Generating Station.

SURPRISE SPRING TRAINING FACILITY HAS ITS’ GRAND OPENING

The grand opening of the 10,560-seat Surprise Stadium and related training facilities was held on December 7th.

The stadium is the new Spring Training home of the Kansas City Royals and the Texas Rangers, who are leaving Florida’s Grapefruit League for the Cactus League. The two teams will kick off the exhibition season with a charity game on Thursday, Feb. 27.

In schedules released in late November, the Texas Rangers will play 18 of their 29 Cactus League games at the Surprise Recreation Campus; the Kansas City Royals will play 17 of their 30 games in Surprise.

With the addition of these two teams, Arizona is now the spring training home to 12 of Major League Baseball’s 30 teams.

Elsewhere on the Cactus League “front”, we have been hard at work trying to find a way to fully fund the Authority’s share of renovations and improvements for Phoenix Municipal Stadium, home to the Oakland Athletics. As has been thoroughly explained to the City of Phoenix, the Authority is fully committed to funding our share, but are facing extraordinary challenges due to the twin negative impacts of 1) the Long lawsuit (the forced us to increase our funding to Surprise to meet our obligations), and 2) the sharp fall-off in tourism tax revenues post-September 11th. Nevertheless, we are confident that we will be able to fund the Authority’s share of improvements at Phoenix Muni at a level that will keep the Oakland A’s in Phoenix, and very happy to be playing their spring training games in Arizona.

ECONOMIC IMPACT OF MPF

Fiesta Bowl to Bring \$142 Million to Valley -

With Ohio State’s victory over Michigan and Miami’s win over Virginia Tech, the stage is set for a showdown between the undefeated Ohio State Buckeyes and the University of Miami Hurricanes to decide which team is the National Champion in this year’s Tostitos Fiesta Bowl to be held Jan. 3.

That match up is expected to bring a windfall for the state. According to Tim Hogan, director of the Center for Business Research at Arizona State University, this year's game could contribute \$142 million to the Valley economy, an increase of \$10 million from the 1999 championship game in which featured Tennessee and Florida State.

This impact showcases the importance of keeping the Fiesta Bowl as the nation’s top bowl venue by housing it in the new TSA/Cardinals Multipurpose Facility. The new facility will create new revenues for the Fiesta Bowl, allowing it to attract the top post-season teams and to stay in the rotation for the BCS National Championship game once every four years.

Football, the NFL and Super Bowls - Prop.

302 and the new stadium allows the Phoenix metro area to remain an NFL city and preserves an additional 1,600 full-time jobs and \$154 million in annual economic activity which is provided by the Arizona Cardinals.

The stadium also gives the state the muscle to vie for future Super Bowls, something that the NFL won't consider for the Valley without a new NFL-grade stadium. In March, the NFL will decide the locations for the 2007 and 2008 games, and the Valley of the Sun will be a strong competitor for the 2008 game.

With the completion of the ultra-modern, state-of-the-art Multipurpose Facility, Glendale will be able to vie for the rotation of the Super Bowl with other Sunbelt cities in the nation -- notably, Miami, New Orleans, Houston and San Diego.

Last year's Super Bowl between the New England Patriots and the St. Louis Rams generated about \$305 million in economic benefits for the New Orleans area. Super Bowl XXX hosted at Sun Devil Stadium in 1996 also generated an economic impact of \$305 million in the state according to ASU's College of Business. More than 89,000 out-of-state visitors flocked on the Phoenix metro area for the event. Out-of-state visitors directly contributed \$109 million in spending during the event.

Besides the incredible amount of money a Super Bowl brings to the host area, an estimated 131 million people watch a Super Bowl on television worldwide. This is the kind of huge national and international audience that can attract tourists and business leaders from around the globe, leading to business investment as well as increased tourism.

Construction to Generate \$20 Million to State - The construction of the facility itself will create 3,500 high-paying jobs.

The direct construction spending alone will generate more than \$400 million in economic activity in Maricopa County. As a result, the state will start receiving revenues from construction workers' income taxes, taxes on construction purchases here in the state as well as sales taxes collected on the increased consumption and spending from the workers and their families.

The TSA estimates that the Arizona State general fund will receive \$20 million during the construction period alone.

Additional Events to Bring More Benefits - Since the stadium is designed to be a Multipurpose Facility, plans are for hosting events that will offer much more than 11 days of football per year.

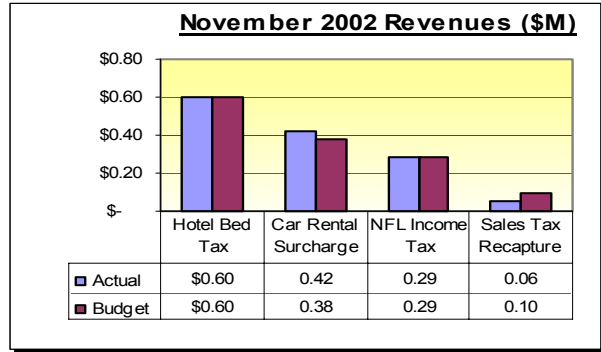
For example, it will allow Glendale to be the only city in the Western U.S. capable of hosting the NCAA Final Four Basketball Championships, a week long event which requires a football stadium with a closed roof and seating of at least 40,000. Last year's Final Four generated \$45 million in economic benefits for the Atlanta area.

The state-of-the-art roll-out field is sized to accommodate world-class soccer events as well as football.

Normally the field resides outside of the stadium full time, unless being used. That means the floor is usable for any kind of event – something that is strictly restricted in stadiums where there is concern for the turf. With the field safely rolled out of the way, the 150,000 square-foot floor space can be used for concerts, motocross, tradeshows, conventions or even rodeos.

FINANCIAL OVERVIEW

Sources – The following chart provides our actual v. budgeted November 2002 performance which reflects September's sales activity:

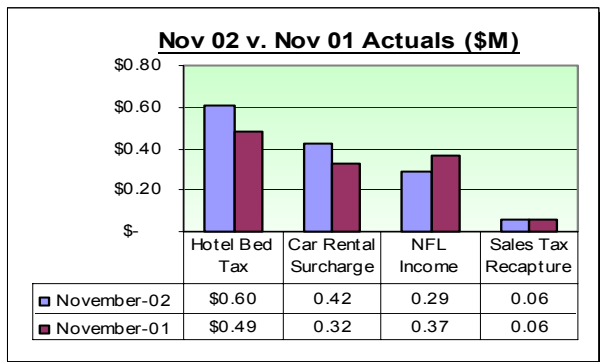


On a combined basis, the **tourism revenues** for November outperformed our projections by \$47,723, or 4.9%, an improvement over last month's results. The **hotel bed tax** showed positive results for the first time this fiscal year by just barely coming in ahead of the budget. The **car rental surcharge** revenues rebounded from last month's dismal showing with another positive performance of \$46,887, or 12.4% over budget. On a fiscal YTD basis, the tourism revenues continue to outperform our projections by \$134,938, or 1.8%. While much of the economic news continues to paint a bleak picture, our performance to-date is a hopeful sign that tourism may turn the corner more quickly than other industry sectors.

The **NFL income tax** for the current month reflects the first of four months' worth of adjustments to account for the correction discussed in last month's report. The adjusted amount to be received for FY2003 will be the guaranteed statutory minimum of \$3,784,320. Over the next four months the Authority will receive a lower monthly amount to account for the overage received during July – October 2002. During the final four months of this fiscal year we will receive the monthly amount of \$315,360 (annualized it equals the statutory minimum).

In November we received \$55,291 in **state sales tax recapture** revenues which represents the sales activity from the Arizona Cardinals two September home games. They are down by just over \$40,000, (42.3%), for this month as attendance averaged just under 30,000 per game in September. This compares to last year's same period per game average of just under 40,000. We do expect that the next two months' results will put us back on track as October's one home game had over 59,000 in attendance and November had three home games averaging over 45,000 per game.

The next chart provides a fiscal year-to-date comparison for the months of November 2002 v. November 2001:



This month marks the first anniversary of revenue receipts since the September 2001 terrorist attacks. We are pleased to note that this year's performance for all revenue sources is better by \$129,739, or 10.5%, on a monthly basis and by \$272,039, or 3.6%, on a fiscal YTD basis. The results are even better when comparing just the tourism tax revenues. On a monthly basis this year's results are \$217,812, or 26.9%, better and \$507,100, or 10.0%, improved on a YTD basis.

Tourism – For FY2003 the Authority has been instructed by the state legislature to split the monthly statutory distribution of \$350,000. Over the course of this fiscal year, the Authority will pay a total of \$2.0 million to the Arizona Office of Tourism and \$2.2 million to the state's general fund. The Authority made these payments in November.

Cactus League – The scheduled monthly distribution of \$250,000 was made to the Cactus League Promotion Account with further distribution to the City of Surprise per Amendment One to the original Intergovernmental Agreement. The Authority now owes a total of \$32.0 million in bond proceeds to the City of Surprise less the amount that has been forwarded since December 2001 (\$4.5 million through November 2002). We anticipate selling Authority bonds in January to meet our remaining funding obligation to Surprise.

Youth and Amateur Sports – The November 2002 amount distributed to the Youth and Amateur Sports account was \$91,667.

Bond Repayment – The Authority has one final bond payment to Wells Fargo Bank/Bank One of \$5.0 million due on December 31, 2002.

Audit – The FY2002 audit was forwarded to the Authority's Finance Committee this month for their review. Pending the insertion of final edits, the audit will be presented to the Authority's board of directors for final approval in December 2002.

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TSA Staff Speaking Engagements for the Month

11/21/02

Kenny Harris: 5th Annual Awards Banquet for the Phoenix Chapter of the Associated Minority Contractors of America